

Western Balkan States and the European Union Enlargement

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Abstract: For half a century, European Union-(EU) has pursued ever-deeper integration while taking in new members. It's marked as an important step in relationship deepening between EU and Western Balkans-(WBs) where Albania is part of. In 2003, EU declared that the future of WBs is within EU. Initially it adopted a generous strategy that linked the timetable for accession to the pace of reform in WBs. The declaration contained a conditional promise; EU would consider WBs for membership only if they reached EU standards. The EU was motivated by usual economic considerations connected to enlargement and a desire to increase regional stability. The enlargement process regarding Albania will bring several reforms on different fields. Our country will benefit from a share of multi-beneficiary funds for competitiveness, SMEs, energy efficiency and banking sector regulation. This presentation handles out these main issues: EU policy and the enlargement process regarding Albania inspecting the way and progress done up to now by our country, the main features of our national EU-coordination system, concluding in a SWOT Analysis of EU-coordination system in Albania. Eventually, I believe that Albania being part of WBs is at one time an opportunity and a challenge for the future of EU.

Keywords: Stabilization and Association Agreement (SAA); European Commission (EC); European Integration (EI); European Union Coordination Systems (EUCS); Prime Minister (PM).

1 Introduction

Europe is the greatest project ever happened in the history. It was a miracle what is happened during the last century in our continent after two worldwide wars. The Union of Europe was necessary in the point of view that this will lead up to the strengthening of the relationships between countries. Reinforcing the democracy

and the human rights is the best way to carve the peace. We do not ever forget the philosophy of the famous philosopher Edmund Burke said: “Thither where the legal state cease, it’s the tyranny that originates.” This is the aim of the Council of Europe. Most of the time, the two processes took place in parallel.

That’s why is so important to be unified the entire continent in one. Albania is in a very good position for having a constructive consortium with the European Union and the other European institutions. We belong to Europe, therefore we all must to act together to protect the peace and to enlarge the human rights in the whole continent.

The process of enlargement regarding Albania will bring several reforms on justice, on the social-economic developments, as also will bring reformation and structural development towards to the assets / ownerships and investments in general. In all cases, EC policies will be invariably taken as the reference against which the EC assistance objectives are defined, and achievements measured.

Although Albania will remain heavily dependent on external financing it is assumed that the level of international assistance for Albania will diminish appreciably in the next years and this will affect growth rates. There is a risk that even if certain key reforms are completed Albania will continue to have difficulty in attracting foreign investment.

In the last meeting of the Stabilization and Association Council-(SAC) between Albania and the EU, as regards the economic criteria, SAC noted that Albania has moved closer to a functioning market economy but observes shortcomings on real estate registration and orderly market exit procedures. Economic growth, stability and predictability have been maintained during 2009 despite the global crisis but macroeconomic stability and fiscal discipline need to be ensured. The SAC noted progress made towards enabling the Albanian economy to cope with competitive pressure within the EU by implementing its privatization agenda and upgrading the transport and energy infrastructure in the country, while increasing competition in the telecommunication sector. The SAC exchanged views on the developments in the Western Balkans region and commended Albania’s constructive role in fostering regional stability and good neighborly relations with other Western Balkan countries.

The overall picture of EU-Albania relations remains positive. Albania has been able to make progress on key political reforms, on economic development and on its preparations for European integration.

2 The EU Policy

Now, the EU, a community of values based on peace and freedom, democracy and the rule of law, as well as tolerance and solidarity is the world's largest economic zone. The wider internal market and new economic opportunities have increased Europeans' prosperity and competitiveness. The governments of the EU Member States, coming together in the European Council, have agreed to extend the EU perspective to countries in South East Europe - Croatia, the former Yugoslav Republic of Macedonia, Albania, Bosnia and Herzegovina, Montenegro, Serbia, Kosovo under UN Security Council Resolution 1244 and Turkey. Membership will only happen when the necessary requirements are met. A gradual and carefully managed enlargement process creates a win-win situation for all countries concerned.

At present, there are three candidate countries, Croatia, Turkey and the Former Yugoslav Republic of Macedonia. Accession negotiations with the first two started on 3 October 2005. The Former Yugoslav Republic of Macedonia became a candidate country in December 2005, on 2007 they have signed the Association Agreement and on January 2010 they took the status as European member but not with full access. The other countries of the WBs - Albania, Bosnia and Herzegovina, Montenegro, Serbia and Kosovo under UNSC Resolution 1244/99 - have all been promised the prospect of EU membership as and when they are ready. They are known as potential candidates.

With all the countries of the WBs the EU has established a process known as the Stabilization and Association Process (SAP), which aims to bring them progressively closer to the EU. Thanks to this process, these countries already enjoy free access to that of the EU single market for practically all their exports, as well as EU financial support for their reform efforts. The centerpiece of the process is a SAA, which represents a contractual relationship between the EU and each WBs countries, entailing mutual rights and obligations. The SAA focus on respect for key democratic principles and the core elements which are at the heart of the EU single market. The SAAs are also the tools which provide, much as the Europe Agreements did for the candidate countries in Central Europe, the formal mechanisms and agreed benchmarks which allow the EU to work with each country to bring them closer to the standards which apply in the EU. Through a free trade area with the EU and the associated disciplines (competition and state aid

rules, intellectual property etc) and benefits (e.g. rights of establishment), and through reforms designed to achieve the adoption of EU standards, this process will allow the economies of the region to begin to integrate with that of the EU.

The SAP is the framework for EU negotiations with the WBs countries, all the way to their eventual accession. It has three aims:

- *stabilizing* the countries and encouraging their swift *transition to a market economy*;
- promoting regional cooperation;
- eventual *membership of the EU*.

The process helps the countries concerned build their capacity to adopt and implement EU law, as well as European and international standards. It is based on an ever-closer partnership, with the EU offering a mixture of:

- trade concessions (autonomous trade measures);
- economic and financial assistance;
- assistance for reconstruction, development and stabilization (CARDS);
- SAA far-reaching contractual relationship with the EU, entailing mutual rights and obligations.

The EU's political strategy towards the WBs relies on a realistic expectation that the contract it enters into with individual countries will be fulfilled satisfactorily.

EU assistance to the WBs is adapted as needs and political situation evolve. Initially, the focus was on *humanitarian and emergency assistance*. Later on, it concentrated on *rebuilding infrastructure, and fostering reconciliation* and the return of refugees. As each country moves deeper into the SAP, so the assistance focus increasingly on support for *developing government institutions and legislation*, and approximation with European norms and eventually harmonization with *EU acquis (EU law)*. Help is directed at reinforcing *democracy and the rule of law, human rights, civil society and the media*, and the operation of a *free market economy*. In addition, assistance is offered to help generate sustainable *economic recovery*, and promote *social development and structural reform*. Overall EU financial grant assistance to the WBs countries (including CARDS and macro-financial assistance) amounts to *over € 5 billion (€ 5.117 billion)* for the period 2000-2006.

3 The Process of Enlargement and Albania

Candidate countries have to demonstrate that they will be able to play their part fully as members - something which requires wide support among their citizens, as well as political, legal and technical compliance with the EU's demanding standards and norms.

Countries wishing to join the EU can proceed from one stage of the process to the next, but only once all the conditions at each stage have been met. In this way, the prospect of accession acts as a powerful incentive to reform. The EU policy on enlargement ensures that the process is meticulously managed, so that accession brings benefits simultaneously to the EU and to the countries that join it.

- The mandate and the framework;
- Screening and monitoring;
- Closure of negotiations and Accession Treaty.

As the last of the Eastern European states to overthrow communism and with a legacy of international political isolation, Albania's experience of interaction with the EU is relatively short. In 1992 it entered into a Trade Agreement with the EU and in the intervening years has worked, with varying degrees of success, to implement domestic reforms in a bid to move towards EU standards. Albania is a potential candidate country for EU accession following the Thessaloniki European Council of June 2003. On 18 February 2008 the Council adopted a new European partnership with Albania. The SAA with the country was signed on 12 June 2006, after three years of negotiations. The SAA must be ratified by each EU Member State before coming into force, a process which could take some years, and it entered into force on 1 April 2009. In the meantime, an interim bilateral EU-Albania free trade agreement, which has been in operation since February 2003, will continue to function. With the conclusion of SAA negotiations, Albania now faces the daunting task of implementing the 500 page agreement which sets out a series of political, economic, legal and judicial reforms that must be implemented in line with EU-set standards. It supersedes the Interim Agreement on trade and trade-related aspects, which entered into force in December 2006. The EU-Albania visa facilitation agreement entered into force in January 2008 while the readmission agreement entered into force in 2006. Albania submitted its application for EU membership on 28 April 2009. Albania has profited from the

EU autonomous trade measures since 2000. Albania's trade with the EU expanded with the additional preferences granted following the entry into force of the Interim Agreement in December 2006.

On 14 October 2009 the EC adopted its annual strategy document explaining its policy on EU enlargement. The document includes also a summary of the progress made over the last twelve months by each candidate and potential candidate: Croatia, the Former Yugoslav Republic of Macedonia, Turkey, as well as Albania, Bosnia and Herzegovina, Montenegro, Serbia and Kosovo. Furthermore, the 2009 progress reports were published on the same date, where the EC services monitor and assess the achievements of each of the candidate and potential candidates over the last year. That “enlargement package” of information contains also a multi-annual financial framework setting out the financial assistance available to support the reform efforts of the candidate and potential candidates over the next years.

The period covered by *The ALBANIAN 2009 PROGRESS REPORT* is early October 2008 to mid September 2009. Progress is measured on the basis of decisions taken, legislation adopted and measures implemented.

Before the entry into force of the SAA, a Ministerial Troika meeting with Albania in February 2009 focused on key political priorities, including regional issues. A joint committee met in December 2008 to oversee the proper functioning of the Interim Agreement. A Consultative Task Force (CTF) meeting took place in December 2008, focusing on political accession criteria and rule of law issues. Working party/subcommittee meetings focused on economic, internal market and sectoral policies. Albania contributed 12 soldiers to the EU-ALTHEA Mission in Bosnia and Herzegovina, 63 soldiers to the peacekeeping mission in Chad and in Central Africa (EUFOR), 6 soldiers in Kosovo (KFOR), 309 soldiers in Afghanistan, 3 soldiers in Georgia, 2 soldiers in Florida and recently 3 soldiers in Iraq. As a potential candidate for EU membership, Albania aligned itself with 116 CFSP declarations from a total of 128 relevant declarations adopted by the EU during the reporting period.

As regards *Community programmes*, Albania is participating in the 7th Research Framework programme under a memorandum of understanding signed in December 2007. The country is also participating in the Entrepreneurship and Innovation Framework Programme and in the Europe for Citizens programme, under memorandum of understanding signed respectively in June 2008 and February 2009.

The *visa facilitation* and readmission agreements between Albania and the European Community continued to be implemented. In the framework of the visa liberalization dialogue, Albania has made good progress in the areas of justice, liberty and security, but has not yet met all the benchmarks set in the roadmap. Further efforts are required particularly in the area of personalization and distribution of biometric passports, border and migration management and the institutional framework to fight organized crime and corruption.

Since 2007, pre-accession *financial assistance* to Albania is provided under the Instrument for Pre-Accession Assistance (IPA). The EC allocated a total of € 81.2 million in 2009. Ongoing CARDS and IPA assistance is implemented by the EC Delegation in Tirana. The Financing Agreement for the National Programme for 2008 was signed in March 2009 and the implementation of the programme has started. The Financing Agreements for the cross-border cooperation programmes were signed in June 2009.

Priority areas where regional CARDS assistance is focused for 2005–10, are listed below:

- *Institution building:* this priority focuses primarily on strengthening the administrative capacity of the countries, and support to public administration reform, through instruments implemented regionally;
- *Justice and home affairs:* actions in this field have a special focus on the fight against organized crime and corruption, and include enhanced police regional cooperation and judicial regional cooperation;
- *Cross-border cooperation:* by promoting economic and social cooperation of border regions, including support to networking activities and the involvement of civil society. The EU supports the development of cross-border cooperation between the WBs countries, as well as between these countries and EU members, acceding and candidate countries;
- *Private-sector development,* by facilitating foreign direct investments in the region;
- *Infrastructure development,* through initiatives in the sectors of transport, energy, environment and information society.

As regards support for *civil society*, € 2.7 million has been earmarked under the Civil Society Facility for projects to enhance the capacity of civil society organizations over the period 2009-2011.

4 Regional Cooperation

Regional cooperation is a principle of the highest importance for the political stability, the security and economic development of the WBs countries: Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, and Serbia Montenegro and Kosovo. Many of the challenges facing the WBs countries are not only common to them but also have a cross-border dimension, which involves their regional neighbours.

Since the enlargement of 1 May 2004, the EU and the WBs have become even closer neighbours, and so the situation in the WBs countries, their progress on the road to European integration and their present and future relations with the EU really are of immediate concern to the EU itself. When Bulgaria and Romania become EU members, the entire WBs region will be surrounded by Member States of the EU. This will have important repercussions for both the countries of the region and the EU in a number of areas, in particular where the free circulation of goods, services and persons are concerned. These challenges have to be addressed in the broader context of South-Eastern Europe.

The different set of reasons — political, economic and security — for which regional cooperation in the WBs is crucial, are closely interlinked: for instance, regional stability and security are needed for economic development, which in turn favours stability and security in the region.

The political dimension of regional cooperation

Regional cooperation in the WBs is:

- needed as a crucial ingredient of stability;
- a catalyst for reconciliation, good-neighbourliness and good political relations;
- about helping overcome nationalism and intolerance and promoting mutual understanding and political dialogue in the region.

The WBs countries have opted for Europe. The SAP is the EU's political strategy for the European integration of the WBs countries, all the way through to their

eventual accession. Regional cooperation amongst the WBs countries constitutes a key element of the SAP: constructive regional cooperation is recognized as a qualifying indicator of the countries' readiness to integrate into the EU.

The centrepiece of the SAP is the conclusion of SAA, which represents a contractual relationship between the EU and each WBs country, entailing mutual rights and obligations. Regional cooperation is a specific requirement under the SAAs. Rapprochement with the EU will go hand in hand with the development of regional cooperation in the WBs.

Enhanced regional cooperation is one of the major objectives set down in the Thessaloniki agenda, endorsed in the EU-WBs Summit of June 2003, to strengthen the SAP. The WBs countries committed themselves to continue to develop regional cooperation and to promote a series of specific objectives with regard to regional free trade, the creation of regional markets for electricity and gas, the development of transport, energy and telecommunication infrastructures, the environment, research technology and development, cross-border and parliamentary cooperation, and a number of other areas.

The regional dimension of the SAP is contributing to building a sustained long-term response to regional challenges in the WBs. The stability pact for South-Eastern Europe has also successfully helped over the last six years, promoting regional cooperation. The time has now come to revisit the way regional cooperation is pursued and to move decisively towards full responsibility of the region for regional cooperation. The legitimacy of the SAP also lies in the fact that it has taken very seriously the principle of regional ownership, thus helping the countries of the region to understand properly that regional cooperation was first and foremost developed in their own interest. The EU can give support to regional cooperation, but further concrete initiatives have to come from the countries of the region themselves. In this respect, the South-East Europe cooperation process (SEEC) is further consolidating its role as the voice of the region and plays a crucial role in moving forward regional cooperation.

Through intensive political regional cooperation, political consensus and mutual trust are being built up in the WBs. Political will and commitment by the countries of the region are keys to promoting regional cooperation in its various forms, whether in the field of economy, infrastructure or justice and home affairs. Sustainable return of refugees and internally displaced persons is critical for ethnic reconciliation and is an indicator of democratic maturity. Considerable progress

has been achieved in this area, whereas there are still outstanding refugee displacement issues in the WBs which need to be addressed urgently.

The economic dimension of regional cooperation

Regional cooperation is essential for increasing prosperity and economic growth. Economic development is a key issue if the WBs countries are to make better, faster progress towards European integration.

In many areas, such as trade, energy and transport, because of the limited size of each WBs country and the fragmentation of the economic space in the region, there is no other option but to embark on intense regional cooperation as the only realistic way forward. Enhanced regional cooperation in the economic field is just plain common sense.

Through regional cooperation, a business environment will be created in the WBs that will provide for foreign and national direct investments, that will create much needed jobs and that will encourage individual initiatives, and so add to an increase in the living standard of the whole population.

In the pursuit of these objectives the countries of the WBs can count on the support and the assistance of the EU. The idea of an economic space in the region is taking roots. In this context, some important results have been achieved in the WBs in the fields of free trade and infrastructure. Beyond the intra-regional challenges, the ultimate goal is to reconnect the WBs countries fully with all their neighbours, EU Member States and candidate countries alike.

Infrastructure development is of vital importance for developing the economies of the WBs; it is an initial and indispensable requirement for an increase in economic growth. However, infrastructures without the reforms necessary to strengthen institutions that will promote sound development policies cannot promote economic growth and social cohesion nor achieve much by way of regional and cross- border integration.

Free trade

Regional trade liberalization is progressing. A network of bilateral free-trade agreements among the countries of the region, including Romania, Bulgaria and Moldova, has been established, thus creating a free-trade area of 55 million consumers. This sends an important signal to the investor community, which will find a market of high absorption potential for industrial and consumer goods. To

reap the full benefits of trade liberalization in the region, the free-trade agreements need to be fully and efficiently implemented. The countries of the region committed themselves to complete the network of free- trade agreements.

Regional trade across South-Eastern Europe is fully in keeping with the EU perspectives of the different countries in the region, independently of where they stand on their way to membership. Trade liberalization and facilitation is one of the pillars of the SAP: a main instrument of the SAP is the autonomous trade measures that the WBs countries enjoy — free access, without quantitative limit, to the EU market for practically all products.

Energy and transport infrastructure

Significant progress is being made on forming a regional energy market and rebuilding infrastructure. The projected South-Eastern Europe regional energy market, which should provide modern and liberalized gas and electricity systems, will be the key to a regional energy market based on European standards, transparent rules and mutual trust, and it will set the right environment the optimal development of the energy sector. The agreement governing energy trade will substantially contribute to attracting investment into this strategic sector.

Where transport infrastructure is concerned, an integrated regional transport strategy, consistent with the trans-European networks and taking into account the pan-European corridors, is a high priority.

The EU also supports projects of regional significance and regional initiatives in the areas environmental protection, science and technology, information and communication technology, and statistics.

The security dimension of regional cooperation

Regional cooperation is instrumental in addressing the security challenges facing the region, since many urgent issues, such as organized crime and corruption, or integrated border management and illegal migration, can be effectively addressed only by a trans-border approach. Concerted action here is indispensable, not just as an end in itself but also a signal to the rest of Europe that all the WBs countries share the EU's determination on this issue.

Regional cooperation can lead to tangible results in the field of security and justice with freedom for the people living in the region, while at the same time meeting the concerns of EU citizens. Efforts to address the criminal threats to the

stabilization and development of the region, as to the very security of the EU, will only be successful if the WBs countries and the EU work together to fight corruption and trans-national organized crime, which prevents legitimate economic growth and undermines democratic rule of law and democratic stability in the region.

On the road to the EU, with the EU's support the countries of the region — even with the differences of status in terms of European integration — are developing a collective response, so that there is regional cooperation to address crime-related issues in a consistent way that is enhanced and delivers results.

Fight against organized crime and corruption

Organized crime and corruption are threats to security and democratic stability, and obstacles to the rule of law and economic development in the region. Combating organized crime and corruption is a key priority for the governments of the region. Particular focus is being placed upon fighting all forms of trafficking, particularly of human beings, drugs and arms, as well as smuggling of goods. Strengthening the regional operational cooperation for police and prosecution is considered a key priority for the countries of the region.

5 The Main Features of our EU-coordination System

- A potential candidate country, which is monitored continually for the fulfillment of the engagement criteria taken in the framework of the SAA;
- Centralized coordination system (inter institutional coordination through the Ministry of European Integration and EI Unit). The Government has the main responsibility. The PM has full decision making competences and guides the work of the government;
- The current mechanisms do not provide any clear guidance and involvement of independent institution, due to the separation of power doctrine; yet, it does not prevent them from playing an active role in the process;
- A Parliamentary Commission for EI has been established within the Albanian Assembly;
- Local governments are not involved in the EI process and do not keep direct contacts with Brussels, but they operate independently in accord with the

governance practices of similar countries in EU;

- Short of public administration staff, which is not adequately trained in issues of European integration;
- National Strategy in place;
- Departments are not autonomous and easy to coordinate;
- Low policy making structures and lack of EU policy making;
- Strategic planning and coordination is in place;
- Low level of involvement and information.

6 Conclusions: SWOT Analysis of the EU-coordination System in Albania

Table 1 SWOT Analysis of the EU-coordination System in Albania

<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> • Commitment of Government of Albania-GoA and political consensus in country on the EI process of Albania; • Central state coordination bodies (Cabinet of Ministers-CoM, Ministry of European Integration-MoEI, EI Units in Line Ministries, Inter-Ministerial Working Group on the Implementation of the SAA, The European Integration Committee in the Assembly); • Instruments that align national priorities and policies with EU policies are established and functional: Strategy for Development and Integration (NSDI), Integrated Planning System 	<ul style="list-style-type: none"> • There is no a full political stability in the country; • Insufficient administrative capacity to cope with demanding EI processes; • The current mechanisms do not provide any clear guidance and involvement of some independent institutions, due to the separation of power doctrine; • There is no clear and effective communication mechanism between independent institutions and line ministries, also between central and local government; • Lack of involvement of EI parliamentary committee (infrequent meetings, no regular review of SAA-related topics etc.);

<p>(IPS), National Plan for the Implementation of the SAA (NPISAA);</p> <ul style="list-style-type: none"> • The Albania efforts to EU are supported by IPA programme. 	<ul style="list-style-type: none"> • Weak coordination of EU assistance with other donors assistance and State budget; • Low capacities on absorbing EU financial assistance.
<p style="text-align: center;"><i>Opportunities</i></p> <ul style="list-style-type: none"> • Guiding and coordination of EI process - the EC assistance, regional and cross-border cooperation programs; • Building the institutional capacity for the EU integration process; • Training of the civil servants involved in EU policy management, legal drafting process; strengthen effectiveness of the public administration; • The EC Delegation is the head of the Donor Technical Secretariat. The role is in process of being gradually transferred to the authorities; • Mechanism used by the EC-meetings of Member States Development Counsellors, sharing (MIPD & list of priorities for the different IPA programmes); • Donors from the member states contribute into the EC planning, in many cases avoiding overlap in their programming; • Close working relations and 	<p style="text-align: center;"><i>Threats</i></p> <ul style="list-style-type: none"> • Low quality of the legislation approximated with the <i>acquis</i> and the risk of adaptation with national legal framework; • Financial effects deriving from the SAA implementation; • Limited understanding of the role that institutions have in implementing the strategies, NSDI & NPISAA; • The crosscutting strategies to be implemented in order to coordinate some key policy priorities that were not the responsibility of a single ministry; • Insufficient cooperation between the government and opposition in order to push reforms forward; • Ultimately, it poses the risk that Albania's EI commitments will not receive adequate funding from the Government budget, and therefore that they are not implemented properly; • The allocation of financial resources and tasks between central and local government as well as between municipalities remains unbalanced; • A stronger legal framework for local borrowing would facilitate the capital

sectorial working groups are set up with the donor community especially on EU sectors; <ul style="list-style-type: none">• Setting up a national network of specialized trainers and enumerators.	investment needed for better local services; <ul style="list-style-type: none">• Insufficient human resources for developing on new foundations all the EU sectors, considering the milestones imposed by the EU accession process;• The worldwide economic crisis.
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